

## 5. How to Break a Union

“SIX BILLION DOLLARS by 1963”: General Electric published the goal in *Fortune* magazine in 1955, when its annual sales grossed just under half that amount. The fourth largest publicly held industrial company in the United States, GE was the third largest employer in the nation, with 136 factories in 28 states.<sup>1</sup>

Out of those plants flowed the consumer bounty of the postwar era, the new appliances that decked out the suburban homes springing up across the nation: washing machines, refrigerators, television sets. The generators and turbines that energized the factories where the residents of the freshly minted subdivisions worked rolled off the GE production lines. So did many of the weapons that made up the country's arsenal, tucked away in underground silos scattered through the deserts and the Great Plains.

But the company produced more than the material components of the affluent society. During the 1950s, GE also undertook an extensive campaign of political reeducation for the more than 190,000 people who worked for the company, seeking to win their political loyalties back from New Deal liberalism—and especially from the labor unions.

At the time, about one third of the country's workforce belonged to a labor union, more than ever before in American history. Having finally achieved collective bargaining rights after decades of struggle, the leaders of the labor movement no longer sought a radical transformation of American society. They portrayed themselves as common soldiers with management in a war against communism. Many (although not all) distanced themselves from the burgeoning political movement for racial equality. They hoped that by

acknowledging their fundamental allegiance to the social order, they could maintain the stable bargaining relationships with employers that they had won at last, safeguarding the unions that had been built out of the strikes of the 1930s and 1940s, helping their members to win ever-stronger contracts and ever-improved conditions of life.

Yet the new power of organized labor fundamentally transformed the country. The strength of unions in postwar America had a profound impact on all people who worked for a living, even those who did not belong to a union themselves. When union members won higher wages or better benefits, those gains were often adopted by non-union companies as well. Unions helped to ensure that the productivity gains of the postwar period were more equitably shared between owners and workers. Despite occasional recessions (as at the beginning and end of the 1950s), real median family incomes climbed steadily between 1947 and 1973. Fringe benefits that had once been rare expanded greatly; the number of workers covered by private pension plans rose from 3.8 million in 1940 to 15.2 million in 1956. The number of people with hospital insurance climbed from 6 million in 1939 to 91 million by 1952. Vacations became more common, so that by 1960 it was not unusual for workers to have four weeks of paid leave a year. "The labor movement," said Walter Reuther of the United Auto Workers, "is developing a whole new middle class."<sup>2</sup>

What is more, although the decade is not often remembered this way, the 1950s were also years of intense industrial conflict. Workers engaged in an average of 352 major authorized strikes a year during the 1950s, a record for the postwar period. In addition to the authorized strikes at large companies, there were wildcat work stoppages; in the steel industry alone, according to trade association records, there were 788 unauthorized strikes in the period 1956–1958. Because of this, many working-class people did not view the steady improvement in their material lives as the inevitable result of better technology or increasing productivity. They knew the intimate and detailed political history behind each wage increase, every pension benefit. Many believed that their higher wages had been won by the strike threat a few years back; they were convinced that

attending the union meeting or paying union dues had helped win the health insurance.<sup>3</sup>

This shift in loyalties that began with the victories of the labor movement in the 1930s, as much as the pressure that an organized workforce could put on the bottom line, made business conservatives see unions as a threat to their power and prestige. The deeper threat of organized labor went far beyond dollars and cents. If workers believed that they owed their benefits to the time they spent on the picket line, why would they respect the authority of the boss? Business conservatives also worried about the political mobilization of their workers which seemed implicit in the model of industrial unionism. They feared that unions would turn workers out to the polls to press for higher Social Security benefits, more public spending, and an expanded welfare state. These meant higher taxes for business, of course, but they were also dangerous for a different reason: they implied the potential economic independence of the worker from his job. In all these different ways, unions seemed to business conservatives to be the embodiment of the most social-democratic tendencies within liberalism. Defeating them was therefore the key to undoing the New Deal order.

The struggle against unions during the 1950s took many forms. When workers tried to organize, they at times had to cope with a barrage of propaganda, such as employer-led meetings at which the company president would alternately threaten to shut the factory if the union won and promise to make all kinds of improvements if only the workers would vote against joining the union. Despite federal restrictions on “unfair labor practices,” sometimes the strongest organizing committee activists would be fired, as an example to all the others. Corporations in northern cities frequently pursued a less direct anti-union strategy: instead of fighting the union, they would simply shutter their plants and move south, seeking rural workers who were not yet savvy to the rhythms of industrial employment, people they could count on to be docile, at least for a while. The southern United States, where labor unions had never been able to organize during the 1930s and 1940s, became a reservoir of low-wage non-union labor, a Mexico inside the United States at a time when tariffs made Mexico itself too expensive. In time, of course,

those tariffs came down, and the companies that had once moved to Tennessee closed up once again to move to Ciudad Juárez.<sup>4</sup>

But not all companies had the option of shuttering their northern factories to make the move south and evade unionization. Those that couldn't were faced with a difficult choice. They could bargain with the unions, trumpeting a new golden age of labor relations; the strength of the United Auto Workers compelled General Motors to adopt this program (even as the auto giant began to shift production out of Detroit). Or they could resist. And that was what GE chose to do. The top executives at GE believed that the New Deal and the labor movement had seduced workers with a false, misleading vision of how the economy worked, and they were convinced that the company had the job of setting the record straight and winning back the loyalty of its employees. GE became known throughout the business world for its staunch resistance to union power, and, on a deeper level, to the entire liberal political economy of the New Deal. As the company publicist Edward Langley put it, GE was "so obsessed with conservatism that it was not unlike the John Birch Society."<sup>5</sup>

GENERAL ELECTRIC was not the corporation one might have expected to emerge as a bastion of free-market ideology, for its top leadership had long adopted a progressive management style. The company had been formed in the late nineteenth century, when J. P. Morgan oversaw a merger intended to lessen the cutthroat competition in the industry. Two young executives, Gerard Swope and Owen Young, the liberal darlings of their age, brought the sprawling company into the modern era. This remarkable pair of men entered their professions (they were trained as an engineer and a lawyer, respectively) during the Progressive era, between the last years of the nineteenth century and the country's entrance into World War I. The lessons they learned in that time of political upheaval—when state legislatures passed the first laws protecting the health and welfare of workers and consumers alike—stayed with them throughout their careers. Gerard Swope met his wife while he was teaching math in the evenings in a settlement house in Chicago

after his days of work as an engineer at Western Electric; they were married in 1901 by the legendary social reformer Jane Addams. He went to GE from Western Electric, where he had built a successful executive career, to head the company's international operations.<sup>6</sup>

Owen Young did not have as activist a past, but during the early years of the twentieth century he had learned to be sensitive to public opinion. When he took over the company's legal department in 1913, GE had been charged with violating federal antitrust law. The company settled with a consent decree, but Young followed up the work in the courtroom by sending "a group out into the highways and byways to find out what the plain citizen thought of General Electric." The news was not good: most people saw GE as an impersonal, power-hungry corporation, one that would break the law in order to earn higher profits. Young begged the company president, Charles Coffin, to try to reach out to the public; Coffin absolutely refused, declaring that a company's only job was to "make goods and sell them." Young remembered his experiment, though, and when he was promoted to become chairman of the board in 1922, he set out to transform GE's image in the public mind. He wanted consumers to have a new opinion of GE—to see GE products as synonymous with a gentle and sophisticated modernity, not the harsh competition of the industrial world. One of the first things he did was to choose Swope as the company's president.<sup>7</sup>

Together the two trailblazing executives pioneered a program for what Young described as a "new generation" in the life of big business. They rejected the savage techniques of the corporate titans of the late nineteenth century—the "robber barons," as they were called, men such as J. P. Morgan, John D. Rockefeller and Andrew Carnegie. The new executives did not denounce their predecessors too harshly; they suggested that the armed battles with workers, the price wars, the chicanery, and the blood of the industrial past had all been necessary, albeit tragic, components of the rise of the United States as a world economic power. But they believed that the 1920s marked a new age. The obligations of modern industry were no longer only to stockholders but to society as a whole. "Today, when the corporation has become an institution, the duty of management is no longer solely to the investor," Young said in a

1922 interview with a business journalist. "Corporate management has become a trusteeship for the entire institution as distinguished from being the representative of any single part."<sup>8</sup>

The company hired an advertising firm to portray it as the bearer of "electrical consciousness," liberating men and women from meaningless drudgery, brightening the path to a better, freer world. "Woman suffrage made the American woman the political equal of her man," read one advertisement of the early 1920s. "The little switch which commands the great servant Electricity is making her workshop the equal of her man's." When people saw the GE logo, Swope and Young wanted them to be reminded of "the initials of a friend."<sup>9</sup>

Under Swope and Young, the company sought good relations with its employees. It provided them with welfare programs, stock-purchase plans, and pensions. In 1937, during the Depression, while other companies fought the electrical workers' union, GE signed a nationwide contract with the United Electrical Workers (UE) without a strike. Swope strongly supported Roosevelt and the New Deal, even devising a plan to end unemployment that bore a close resemblance to FDR's National Recovery Administration.<sup>10</sup>

The company prided itself on engendering a deep public spirit in its executives, teaching them to see themselves as stewards of the economy. Members of the upper echelon of corporate management were expected to play an active role in civic life, serving on the boards of hospitals and local charities; they were supposed to embody the ideal of the executive as responsible for the well-being of the whole community. Top-ranking executives and promising underlings went for annual jaunts to summer camps on a small island in Lake Ontario owned by GE, where the company would ply them with food and liquor while they listened to presentations and participated in skits and sports competitions. These company meetings often turned into raucous pep rallies. The company's president in the 1940s, Charles E. Wilson ("Electric Charlie"), a blustering former boxer whose craggy face bore the traces of punches thrown long before, whipped up the crowd with pugilistic challenges to competitors who boasted that one day they would overtake GE in sales and earnings: "They should live so long! Their

grandchildren should live so long!” After Wilson’s speech was done and the crowd of junior executives had been worked into a frenzy, a company band would march in to lead the best and brightest at GE in a spirited parade around the campgrounds, singing “Onward Christian Soldiers.”<sup>11</sup>

THE ELECTRICAL workers’ strike in 1946—part of the strike wave that one journalist described as bringing the country to the brink of a “catastrophic civil war”—transformed GE’s attitude toward its unions. The new generation of postwar leaders had come of age in a different time from Swope and Young. Wilson and his successor, Ralph Cordiner, who served as company president from 1950 to 1958 and chairman and CEO from 1958 to 1963, did not grow up in an era of settlement houses and socialism. They had entered business during the “roaring” 1920s, when unfettered capitalism seemed in the public interest and public relations and advertising were growth industries. Compared to the earlier generation, they held far more conservative political visions, and their sense of how management had been besieged by the New Deal order was more acute.<sup>12</sup>

Still, Wilson and Cordiner had different personalities and political orientations. Cordiner was withdrawn and meticulous (one of his nicknames was “the Undertaker,” and another was “Razor Ralph”), whereas Wilson was theatrical, hyperbolic. Wilson had a close relationship with the Democratic administration of the late 1940s and chaired President Truman’s 1947 Committee on Civil Rights (which recommended the desegregation of the armed forces). Cordiner, who was a GE vice president in 1946, was by contrast a true market ideologue. When Wilson left GE, he did so to head the Office of Defense Mobilization during the Korean War; in contrast, Cordiner served as finance chair for the Republican National Finance Committee during Barry Goldwater’s 1964 presidential bid after leaving GE. But despite their many differences, both men were shocked by the events of 1946.<sup>13</sup>

The national strike wave began in September 1945, only one month after V-J Day. The oil workers were the first to strike, 43,000

in 20 states. Then 200,000 coal miners struck to demand collective-bargaining rights for their foremen. Forty-four thousand lumber workers in the Northwest, 70,000 midwestern truckers, and 40,000 machinists in Oakland and San Francisco walked off the job in the fall of 1945. At General Motors, the United Auto Workers asked for a 30 percent wage increase, without an increase in prices, in order to prevent erosion of incomes through rapid price hikes as controls were lifted at war's end. When the company refused, the union asked it to "open the books" and share information about pricing decisions, claiming that the public was entitled to know why inflation was necessary and essentially asking the company to continue to allow in peacetime the influence that public and labor representatives had exercised on prices during the war. One hundred and seventy-five thousand General Motors workers went on strike in November 1945. The wave of strikes crested in January 1946, when the Bureau of Labor Statistics called the strike wave "the most concentrated period of labor-management strife in the country's history." Strikes swept through coal mining, the meatpacking industry, steel production. Milk workers struck in Detroit, bus drivers and newspaper printers struck in Seattle, school maintenance workers struck in Flint, Michigan, phone operators and telegraph workers struck in cities across the country.<sup>14</sup>

At the same time, General Electric was beginning its negotiations with the United Electrical Workers. The union had grown dramatically during the war, winning more than eight hundred union elections (held on a plant-by-plant basis) to become the third largest labor union in the Congress of Industrial Organizations. At its peak, the UE represented 600,000 workers. It was no longer the fragile organization that Swope had agreed to recognize but a powerful national union representing electrical workers not only at GE but at the company's main competitors, Westinghouse and General Motors. The union was demanding a two-dollar-a-day raise for all workers, a goal that its leaders had determined in industry-wide meetings would help to make up for the wage restraint of the war years. On a frigid December day shortly before Christmas, union leaders met in New York with Charles Wilson to discuss the company's counteroffer. As the company president basked in the



glow of a sunlamp on the forty-fifth floor of GE's executive offices on the corner of Fifty-first and Lexington, he told them that the final offer was a 10 percent raise for workers making over a dollar an hour and ten cents an hour for those making under a dollar (in other words, a raise of eighty cents a day)—no negotiations. Hundreds of thousands of workers walked out of GE (and GM and Westinghouse) the following month.<sup>15</sup>

The company was unprepared for what followed. In some of the striking communities, for much of the strike, the workers essentially controlled access to the plants. Hundreds of workers encircled the factories in long picket lines, refusing access to white-collar and management employees and allowing only limited numbers of maintenance men through the lines. In Schenectady a local court issued an injunction against the pickets, but the union blatantly ignored it, vowing to bring out still longer picket lines and posting ads in the papers saying that picketing would begin early in the morning. In Bloomfield, New Jersey, workers built a picket line of four thousand workers, including supporters from other companies in the area, to picket in heavy snow.<sup>16</sup>

One of the most dramatic confrontations of the strike occurred in Philadelphia, where eight hundred strikers defied a court order limiting the number of pickets. They were greeted at 6 a.m. at the plant gates by “the largest concentration of policemen seen in the city in a score of years,” according to the *New York Times*. The police granted them permission to march past the plant once; about six hundred did so, marching four abreast, and their ranks swelled as they marched. Two hundred war veterans led the picket, and in the front was a wounded veteran carrying an American flag. Right in front of the factory, a sound truck played the national anthem and strikers removed their hats. When the marchers began to move again, the policemen followed them. As they passed the plant, a mounted patrolman rode to the front and seized the flag while other police rode into the marchers, swinging their batons. The chief of police read the crowd the riot act. Fifty mounted policemen moved into the strikers, followed by platoons on motorcycles and hundreds of foot patrolmen. Mounted police chased strikers through the streets. Seven picketers were arrested, and there were cries of

“Cossacks” from the crowds. “If an America citizen wants to see Gestapo methods, it would pay them to visit the picket lines and see the action of the city police,” one union leader told the press. Even more picketers showed up the next day.<sup>17</sup>

People in the communities where GE plants were located did not rally around the company; many openly supported the strikers. Restaurants delivered hot lunches to the strikers. College students arrived to walk the picket lines. City governments in Ohio, Massachusetts, Connecticut, New Jersey, New York, Indiana, West Virginia, California, and Pennsylvania endorsed the aims of the strikers, and fifty-five U.S. senators and congressmen signed a public statement supporting the strike. In Bloomfield, New Jersey, where there were both Westinghouse and GE plants, five thousand picketers marched to the center of the town carrying signs saying “Our Fight Is Your Fight,” “GI versus GE,” and “We’re not dumb clucks—we want two bucks.” The rally was led by seven supportive policemen and by picketers on horseback. The local American Legion post supported the strikers, and its band joined in the parade. The mayor opened the rally with a prayer: “Help us so that when we pray each day, ‘Give us this day our daily bread,’ the ‘us’ will include all people.” One policeman told the *New York Times*, “I can’t talk officially, but any working man would be for the strike.” The children of strikers marched on the picket lines, bearing signs reading, “I’m backing my Daddy” and “More Money Buys More Shoes.”<sup>18</sup>

Wilson, a proud, autocratic man, was shocked and horrified by the strike. “These bitter conditions...have never been obvious in our own relationship with our people before they were unionized, or after they were unionized. I mean we haven’t had bitter and bad controversies between the management and the unions,” he testified before Congress. Wilson couldn’t believe that he would not be allowed to enter his own company’s premises. “To me it is the height of stupidity that we, as a corporation, should not be allowed to get into our plants, people who are not members of the union,” he complained. But as terrifying as the sudden rebellion of the workers was the sensation of isolation for the GE officials. Local mayors, policemen, children, restaurant owners, college students, the American Legion, teachers, ministers—all seemed to be on the

union's side, all seemed to believe that GE had committed grievous sins.<sup>19</sup>

GE had no choice but to settle. The employees won an eighteen-and-a-half cent hourly wage increase—about \$1.50 a day. GE managers experienced it as a crushing defeat. This was in part a matter of hard economics: employee compensation had amounted to 36 percent of sales in 1944, but in 1946 it jumped to 50 percent. But the sense of indignation went beyond what could be captured by accountants. Management had been shut out of its own plants; it had been ostracized by the community. How could this have happened? How could so many people believe that GE was in the wrong?<sup>20</sup>

THE TOP executives at GE hired a man by the name of Lemuel Ricketts Boulware to solve their labor crisis. Boulware had met Wilson and Cordiner during World War II, when all three worked at the War Production Board. After the war the GE leaders hired him as a “marketing assistant” but also gave him the responsibility of overseeing labor relations at GE’s seven “affiliated” companies. It was impossible not to notice that during the strike, the workers at the factories that Boulware managed stayed on the job. The 1946 strike affected Boulware deeply. Reflecting back on it a few years later, he said that it brought home that “we had a worsening situation which had already grown to such dangerous and wholly intolerable proportions as could no longer be disregarded.” The job that Boulware was offered after the strike, as vice president of employee and community relations, was a plum post for someone with little experience in the field. Boulware’s background was in the white-collar public relations specialties of sales and marketing, which had burst onto the corporate scene in the 1920s, and before going to GE he had done little in labor relations. Still, he agreed to take it on.<sup>21</sup>

Boulware had grown up in Kentucky, and although by the time he went to GE decades had passed since he had left his home state, his voice retained just the slightest touch of a southern twang. More than six feet tall and powerfully built, he had attended college at the University of Wisconsin, where he served as a loyal member of his fraternity and a captain of the baseball team. Boulware was

gracious, charming, and well known for his debonair style and loquacity, especially with people he liked. His employers recognized his talents early. Before going to GE, he had worked as a sales manager for the Syracuse Washing Machine Company, where he trained sales staff. He helped to found the Marketing Executives Society, writing articles on sales and advertising as solutions to the bitter price competition companies faced during the Depression. He was confident in the potential of his craft to mend social ills. Boulware represented a new breed in industry: the college-educated man who came in at the upper levels, never having been soiled by the shop floor. In the middle of the Depression, he and his wife embarked on a world cruise.<sup>22</sup>

During his GE career, Boulware peddled probusiness ideology with the same robust zeal and entrepreneurial fervor he had once used (as a *Fortune* magazine article put it) to sell washing machines. He became a one-man advertising campaign for the free market. Boulware made fighting the unions come to seem *moral*, a righteous cause, forward-looking, necessary to make a better America. In his silvery phrases, anti-unionism was no longer the retrograde evil of Pinkertons and machine guns that the New Deal had vanquished in the 1930s. He spoke of the political obligations of business to protect the free market with such seductive conviction that he transformed a politics that had seemed to have vanished into a dark industrial past into a commercial for the bright new days that lay in the future.<sup>23</sup>

Boulware was an unusual corporate vice president, for his frame of vision and reference extended far beyond his own company. He believed that all across the country, unions and management were engaged in a titanic struggle over the future of the United States. GE was merely one terrain on which the larger battle would be fought. American management needed literally to sell its policies to the American people. As he wrote in a 1945 memo, shortly after arriving at GE, "Management is in a *sales* campaign to determine *who* will run business and the country,—and to determine if business and the country will be run *right*...Who has been winning this sales competition for 13 years, and who still is, is all too evident in elections, labor laws, the attitude of all public servants, and the convictions held by workmen and the public about management."

The memo went on to detail all the ways the company should aim to counter negative publicity, including “leadership in all heart-warming local activities,” like helping “crippled children” and “injured veterans.” For Boulware, unions represented “the most familiar symbol of the socialist opposition to maximizing the free market.” The fight with GE’s unions was “not only over current profits” but “our whole right to run the business in the balanced best interests of all, and our ability to have GE grow, serve, prosper and even survive.”<sup>24</sup>

Boulware overhauled GE’s contract negotiation strategy, rejecting the standard pattern of negotiations. Both sides typically went in asking for more than they thought they would get, and when the company gave way and allowed a wage increase or a new benefit, the union could take credit for “winning” the improvement. Boulware decided to attack the perception that unions were able to improve conditions for their workers. Under his leadership, the company essentially stopped engaging in genuine give-and-take bargaining sessions with the union. Management met with union representatives, sat and listened, and took some notes. But then it would unveil its own contract to the workers and the community, often with great media fanfare. Regardless of what the union said or did, the company insisted, the final offer was the final offer. All that the union could do was accept the contract as offered. Threats of strikes—even strikes themselves—would not move the company, as they had in 1946. After all, as Boulware told the *Wall Street Journal*, a strike “obviously should not be any factor at all in determining whether an offer or settlement is to represent more or less than what’s right.” The union should never be able to claim a victory for the workers. The company determined wages, benefits, and work rules according to its knowledge of the market, and it gave these to workers, almost as a gift. The union was only a destructive interloper, distorting the information given by the free market.<sup>25</sup>

The union, furious, dubbed the new negotiation strategy “Boulwarism.” Boulware himself always rejected the term, preferring to describe his tactics as nothing but good common sense—acting in the “balanced best interests” of all. “The term was coined by some bad people who have been desperately trying the emotional diversion of putting what they hoped would be the worst possible

name on the very fine thing which is our GE relations program of striving all year long to do right voluntarily and be known to do so," he told a student who contacted him about a course project in 1960.<sup>26</sup>

Boulwarism was not only about contract negotiations. The other side of labor relations at GE was a ceaseless education campaign in the ideology of the free market. Boulware tried to use the company as a gigantic school, handing out readings, organizing classes, setting up book groups. No interaction was too small to teach a lesson about the market. Boulware was especially interested in using supervisors to teach workers. Starting in 1947, all of GE's supervisors—whom Boulware referred to as "job salesmen"—were given manuals containing suggested answers to workers' tough questions. They were supposed to respond by reciting the catechism of the marketplace. For example, workers might gripe that big business was "greedy and unprincipled" and that its growth came at the expense of workers and small business. The supervisor was supposed to respond, "The size of a business is determined by the amount of goods it sells. In the absence of monopoly, the amount of goods it sells is determined all over again every day by the votes of individuals in that most free and democratic of processes, the 'plebiscite of the marketplace.'" One worker who wrote to the company newspaper to complain about not getting a Christmas bonus received this comforting response: "We feel that every time the state, an employer, or anyone else takes over one of our individual responsibilities completely, we are one step farther along the road to socialism and a halt to progress."<sup>27</sup>

Supervisors and managers, Boulware believed, were "thought-leaders" who would exercise influence over others in their social circles. All of society was composed of hierarchical little social groupings, in which some people were leaders, others followers. The divisions were in the end natural ones of character, although they might be reinforced by social position. Boulware feared that labor leaders—and supporters of the union who were willing to argue on its behalf—had been able to secure positions as "thought-leaders" and that they were therefore able to exercise a disproportionate

influence over what workers believed. He saw this informal cultural power as the secret of labor's success.

For GE to win good contracts, supervisors, managers, and executives needed to hold intellectual sway over their employees, which they could achieve only by becoming “thought-leaders” themselves. To this end, Boulware distributed reading lists to GE managers and supervisors, including works by economic thinkers associated with the Mont Pelerin Society (which was at the time still waiting for Jasper Crane’s support to hold the American meeting) and the Foundation for Economic Education (the perfect realization of Leonard Read’s hope of getting his educational materials into the hands of executives). Boulware urged GE’s managers to regularly read the editorial page of the *Wall Street Journal*, the columns of William F. Buckley in the *National Review*, and *The Freeman*, a conservative journal published by FEE. Every supervisor received a copy of John Flynn’s *The Road Ahead*, a short book that portrayed the New Deal as the first nightmarish step toward totalitarianism and slavery. The company distributed a specially commissioned economics textbook written by the economics columnist Lewis Haney to workers and managers. Deluged with reading material, GE’s supervisors were then encouraged to hold reading groups and study sessions at their homes in their off hours. In addition, the company published newsletters for workers, and all of GE’s employees were expected to attend a course—on company time—about free-market economics. While think tanks like the American Enterprise Association (where William Baroody was at the time seeking to build a base of support in the business community) still had to beg for donations to print their studies, companies like GE could swamp their managers and workers with printed material without having to go hat in hand to anyone else to foot the bill.<sup>28</sup>

Boulware also tried to do outreach in the broader community through “Planned Community Advertising” programs, which used “all the techniques of modern two-way communication” to broadcast the company’s goodwill to the towns in which its plants were located. He helped to establish plant tours for clergymen in the hopes of organizing their support for the company. (Later in his life, he would

remember: “The clergymen were the worst. They were always against us.”)<sup>29</sup>

Boulware believed that GE’s problems were shared by all corporations in modern America. He longed to build a political movement of businessmen, one that had the zeal, the savvy, and the organization to challenge the power of unions, and he spoke frequently to business audiences, admonishing them that “the really critical public relations problem is now almost purely a political one.” He warned business against complacency, finding it ironic that the United States spent billions around the globe to contain communism while “too many of us in and out of government and unions and business are joyously, if not hysterically, embracing one after another of the very ideas, influences, features or ingredients of this same collectivism—this socialism that can surely lead us off the deep end into the exact type of police state we so fear.” He hated the ideas of using federal dollars to educate “‘poor’ people in Alabama, Mississippi and Arkansas,” spending government money on airports and downtown business sections, and giving aid to “‘distressed areas.’” To stop such depredations, there was no choice but for business to bear the burden of politics: “No one else seems to be willing to go through the agony of trying to put what we think is right and what we instinctively know is right into language that is intelligible and convincing to the great mass of citizens who at the moment are being lied to by their government and by their unions.” He ended his speeches with an exhortation for “inner regeneration,” reminding businessmen that they must “literally be born again” in the fight for the free market.<sup>30</sup>

At first many of the GE supervisors whom Boulware wanted to turn into proud job salesmen dismissed his ideas about the struggle-to-the-death between the union and the company as melodramatic and overly ideological. Many came from working-class backgrounds and had worked their way up from the factory floor, and they were far from confident about unfettered free markets. But many in this generation of managers quit the company or were fired, as Ralph Cordiner introduced a wave of policies designed to restructure the corporation in the 1950s. Cordiner sought to introduce a new market culture into GE’s daily life. He asked many longtime managers to



relocate to new plants being built outside the old centers of GE's strength. He introduced new structures of bonuses indexed to profitability into pay scales. He took away old perks such as personal assistants. To replace the generation of managers alienated by these changes, the company began to recruit on college campuses, so much so that soon a BA seemed a prerequisite for a management job. The newly hired managers, like Boulware, had never worked on the shop floor; they received special training at a school for managers that GE began to operate in the 1950s, providing a professional education for executives that replaced GE's sociable retreats.<sup>31</sup>

The company also made some hires based largely on political compatibility. For example, early in 1957 another executive recommended that Boulware pick up a man by the name of Peter Steele, then the director of education for the Associated Industries of Missouri. Steele's main claim to fame was his authorship of a pamphlet entitled *Blueprint for World Revolt*. At GE his job would be to try to win over the leaders of national liberal groups to the GE program: "Just like in war, someone has to go in and individually contact the enemy." Steele wrote to his brother that Boulware was "without a peer among businessmen who speak up for what they believe and the General Electric Company is way out ahead of others in the realization of what needs to be done and its willingness to take up the lead in doing it." From his new post, Steele urged the company to donate financial support to conservative think tanks such as the American Enterprise Association. After leaving GE, he, like Cordiner, devoted himself to the presidential campaign of Barry Goldwater.<sup>32</sup>

But while GE was able to build a managerial staff committed to its ideological aims, the company could never count on its line workers to share the same degree of sympathy. It therefore sought to use its economic power—its control over the livelihoods of the men and women who worked there—to make the case for the free market. Throughout the 1950s, GE, like many other corporations, was shuttering plants in the North and moving production to new facilities in the South. Privately, Boulware thought about plant closures in terms of finding ways to discipline the workforce. He wanted to

remove jobs from northern cities like Schenectady, where “the pay is too high for the value of the work done” and where “employees are unresponsive to guidance and in the matters of co-operation.” Publicly, however, GE justified its decision to transfer jobs out of the northern industrial cities in terms of the company’s need to compete with other firms employing low-wage southern workers. One article in the company paper asked workers to imagine themselves in the place of stockholders: “Put yourself in the investor’s shoes. Where would you invest your money if you had reason to believe American production costs were headed higher, and American profits lower?” Boulware warned workers before contract negotiations that low-cost foreign competition was forcing prices down, leaving companies to face “the customer strike, or sit-down,” as “empty factories with broken windows across the older industrial areas shout loud and clear.” In this fiercely competitive context, who could blame GE for closing the factory if there was trouble? The *Works News*, one of the company’s publications targeted at employees, queried: “If there is a strike, how long would it take the company to regain its market position once it has settled? How many jobs will be lost before the company could regain the business it would lose during a strike? Would my job be one of those that would be lost? Would the loss be temporary or permanent?”<sup>33</sup>

The lesson was clear: get with the program or pay the consequences.

FEW OTHER Fortune 500 corporations during the 1950s fought unions with the same publicity and intensity as GE, and few developed such a highly politicized internal corporate culture. Nonetheless, Boulware’s labor relations techniques began to spread through the business community. One conservative activist tried to sum up his role: “You have exerted an influence far beyond GE, stiffening the backs of business men across the country. You probably do not realize how far-reaching [is] the influence of your insight and example.”<sup>34</sup>

In 1957 and 1958 the country was hit by the most severe recession the postwar period had seen. In the newly austere

economic climate, corporations were more eager than they had been to find ways to cut their costs. *Business Week* argued that “labor costs—indirect and direct—are universally cited as the chief cause of the profits decline.” The ideas of intellectuals associated with think tanks like AEA and magazines like *National Review* helped to legitimate and justify opposition to labor. Ludwig von Mises described unions as exerting economic violence, writing that collective bargaining was “bargaining at the point of a gun.” Friedrich von Hayek saw unions as inherently coercive: “It can hardly be denied that raising wages by the use of coercion is today the main aim of unions.” In October 1961 the academic journal *Industrial Relations* devoted several articles to employer alliances and the new “hard line” emerging in management.<sup>35</sup>

With Eisenhower in office, the National Labor Relations Board also moved to the right. Several decisions by the board opened up new opportunities for companies to resist unionization, providing employers with new leeway to persuade their workers not to organize. For example, in one case (*Livingston Shirt Corporation*), the board ruled that employers had the right to hold “captive audience” meetings during working hours, at which managers could try to persuade workers not to vote for a union; in the past, employers had been obliged to provide union organizers with equal time to speak to employees. In subsequent cases, the board determined that an employer had the right to tell workers that he would tie up an election decision for several years through appeals, or that foreign-born workers risked deportation if the “Communist” union won. And in *Blue Flash Express*, the board ruled that a manager had the right to interrogate workers one-on-one about whether or not they had signed union cards.<sup>36</sup>

Employers began to look for ways to exploit these new possibilities for opposing unions. In the late 1950s, the National Association of Manufacturers began to hold management training sessions, instructing employers in strategies that they could use to fight union drives. NAM distributed mimeographed packages of letters and leaflets that employers could hand out if they faced a unionization campaign. Some invoked the specter of strikes: “Don’t believe the union organizers when they say a strike couldn’t happen

here in our plant. It could happen here! It could happen if a union comes in to represent your employees, especially if that union is the \_\_\_\_\_ [here the NAM pamphlet indicated that the employer could fill in the name of the union in question]. They have called many strikes—some of them long and brutal and bloody.” Others claimed that the union would be unable to win settlements for workers that were more generous than those the company was willing to extend anyway: “If the company is forced to do something by a union it isn’t likely to be as liberal as it is when it gives something of its own free will.” One sample letter from 1961 captured the strange combination of intimacy and anonymity in these anti-union communications: when sending an anti-union letter to an employee, the manual warned, the proper mode of address should be “Dear Mr. And Mrs. Employee (make it personal).”<sup>37</sup>

The first anti-union consultants appeared during the 1950s as well, anticipating the rise of the union-busting consultants who would flourish during the 1970s. Men like Nathaniel Shefferman, who had been a labor relations consultant at Sears, Roebuck during the 1930s, taught companies how to stave off organizing drives. As a result of this newly concerted fight, the number of unfair labor practices—illegal acts such as threatening, bribing, spying on, or firing workers during an organizing drive—rose sharply in the late 1950s, nearly doubling between 1955 and 1960. The proportion of union victories in representation elections—in which workers vote on whether or not they want to be represented by a union—began to fall.<sup>38</sup>

The push against labor was not limited to the shop floor. Businessmen started to become more politically active in the antilabor cause as well. In the fall of 1958, *Fortune* announced in a headline that “the American corporation has rediscovered politics.” The story detailed the surge in political interest and organizing that had swept through many major corporations as they prepared for the fall elections and started to ready themselves for the presidential campaign of 1960. “Whether we want to be there or not, Gulf and every other American corporation is up to its ears in politics, and we must either start swimming or drown,” said the vice president of Gulf Oil.<sup>39</sup>

In 1959, GE manager of public affairs J. J. Wuerthner published *The Businessman's Guide to Practical Politics*, which called for businessmen to get involved in fighting “a tightly organized and highly centralized group of organized-labor leaders whose basic objective of collective bargaining has now become a secondary function, replaced by a new objective of seizing both political power and, ultimately, control of government.” Companies began to organize workshops and seminar series instructing their managers in how to run for political office, how to do door-to-door campaigning, and how to organize a precinct. Gulf Oil started distributing scorecards for Congress to its shareholders, showing how various senators and representatives voted on issues of concern to the oil business. Union Carbide, New Jersey Bell Telephone, Chase Manhattan Bank, and Prudential Insurance Company all began to use their company publications to tout political issues and to report on the political activities of employees (Chase even gave citations to staff members for exemplary political and civic work). “Right-to-work” initiative campaigns, which sought to make it illegal for contracts to require union membership as a condition of employment, swept through western states in the late 1950s and were often spearheaded by politically active business leaders, and although most of them failed, the connections that were forged during the campaigns often lasted. Boulware was at the front of the effort to get businessmen to be more active in politics. In one speech, for example, he told an audience of executives at the Phoenix Chamber of Commerce that politics was their “biggest job” in 1958, arguing that the state’s right-to-work law had provided a significant incentive to the company in its decision to build a factory there.<sup>40</sup>

But the significance of GE’s experiments in politics and in labor relations during the 1950s lies not only in the part that it played in this groundswell of open opposition to labor. Boulwarism represented a new way of thinking about workers, as a kind of captive political audience, a group of people who could be organized to oppose the New Deal and liberalism through lectures, reading groups, and political messages. Boulware never believed that the working class was inherently liberal or Democratic. The union organized workers in one way; his program sought to organize them in another. Instead of

being radicalized on the job, they could be instructed in the ways of the marketplace. Corporate culture could be used to reinforce a set of conservative political beliefs, and middle managers could be turned into organizers. Yet this dream revealed the tension inherent in the entire vision of free-market utopianism taught and transmitted through the corporate structure. The idea of the market was supposed to be one of freedom and individuality, yet in the workplace it was taught in rigidly top-down fashion, with the managers and supervisors playing the role of teachers to a subordinate audience. Few other companies during the 1950s made such a radical attempt to shape a political corporate culture (although other companies, such as Wal-Mart, would do so later on).

THE ELECTRICAL workers' union had been weakened by internal conflicts in the late 1940s, which left it a far less formidable opponent for GE than the autoworkers' or steelworkers' unions were for the lead companies in those industries. The union had split in two in 1949, when UE had left the CIO after its lead officers refused to sign affidavits testifying that they were not members of the Communist Party. The union federation then granted another charter to a newly formed, staunchly anti-Communist group, the International Union of Electrical Workers (IUE), which succeeded in wooing many GE workers away from the UE. The result was a divided labor force—an ideal testing ground for Boulware's propaganda campaigns. Employment security for workers at GE lagged behind that in other unionized mass-production industries; especially notable was the absence of a union shop clause in the GE contract, mandating that all workers had to join the union, a standard provision in most other mass-production industries at the time.<sup>41</sup>

The success of Boulwarism became clear when the IUE, which represented more GE workers than any other union, decided to try to stand up to GE management in 1960. The conflict began when GE announced that it needed to take back certain benefits it had granted in the previous contract in order to compete in the recession of the late 1950s. The IUE, led by its president, James Carey, chose to fight, and called for a strike in the early autumn of 1960, despite

some evidence that its ranks were split and there was little support for a labor action. The company immediately responded that neither threats nor strikes would make it revisit its position. In the buildup to the strike, the company was adamant that it would keep its plants open no matter what; there would be no recap of the events of 1946. Boulware had retired by that time, although he remained very active at the company and was central in planning the 1960 strike strategy. His successor told meetings of management employees, "The Company will take a long strike rather than accede to demands that are detrimental to the future of the business or that infringe on the basic individual rights of employees." For Boulware, the 1960 strike marked a turning point in twentieth-century American history. As he wrote, "GE is the first major US employer in twenty years to be willing to take the financial and political risks of serving its employees' interests and their communities' interests by trying to keep its plants legally open when some dictatorial top union officials have decreed those plants be illegally shut down."<sup>42</sup>

Despite the conflicts within the union, the strike started stronger than anyone might have expected. Many plants were not able to maintain production, and in some cities thousands of workers turned out to picket. Boulware was enraged. The pickets always seemed to him implicitly violent. One draft of a pamphlet that he wrote asked, "Are you now in the grip of a SUPER-GOVERNMENT of LAW-BREAKERS? Can or do this super-dictatorship's imported or local goons damage at will your person, your family, your car, your neighbor's savings, your city's property and future?"<sup>43</sup>

The company met the picket lines with a sophisticated series of direct appeals to the workers, asking them in letters, phone calls, and personal visits to reconsider and come back to work. The company directed supervisors to keep close records of their contacts with workers. They were reminded to target those workers whom they deemed well respected by other employees. GE took out full-page ads in the *New York Times*, the *Wall Street Journal*, and local publications, advertising its point of view, attacking the union, and denouncing the picketers. The company sent letters and pamphlets to shareholders, reminding them that in addition to having a direct interest in GE, they were consumers and businessmen who were

“adversely affected” by inflation and high wages and by the “union’s restriction of output and insistence on destroying property and otherwise breaking the law when they call a strike.” GE even encouraged secretaries and other female employees to pose as the wives of strikers and call in to radio talk shows to express anger at the union and beg for the strike to end.<sup>44</sup>

All these efforts greatly weakened community support for the strike, which crumbled within two weeks. The *New York Times* labor reporter A. H. Raskin pronounced it “the worst setback any union has received in a nationwide strike since World War II.” Businessmen across the country wrote to Boulware to congratulate him on his victory. “I think the GE approach is going to be emulated by many companies,” an oil industrialist told the *Wall Street Journal*. “The time has come to put the facts on the barrel head, and [the corporations] intend to do it.” Another admirer wrote Boulware a letter brimming with enthusiasm about his victory over the union president: “Your crowning glory—Carey bites the dust! The recognition being given you is grand and you must love Carey now that he stuck his neck out and gave you the chance to prove your policy. Now perfect it for politics and USA will be saved.”<sup>45</sup>

But the sweetness of victory was soured somewhat when three GE executives were sentenced to short prison terms the following February for their role in a price-fixing conspiracy. Cordiner had given a speech chastising those morally weak executives who had condoned price-fixing, insisting that no “wishful thinking” could evade the “free buyer’s relentless embracing of the upper band of excelling performers and rejecting the lower band of performers.” Later there were accusations that Cordiner probably had been privy to the conspiracy. The company’s celebration of the glories of the free market extended only so far. And even though the company won the strike, the union immediately brought a lawsuit against GE through the National Labor Relations Board, charging the company with failing to bargain in good faith. In 1964 the board—its politics having changed somewhat since the 1950s, with Kennedy’s appointments—ruled in favor of the union, citing not only the company’s contract negotiating strategy but its entire program of corporate relations as evidence of its bad-faith bargaining.<sup>46</sup>



No matter how successful the company might be in winning strikes, agencies like the NLRB were not always controlled by people sympathetic to the company. The next step for Boulware was to find ways to take his organizing within the company into the political world. The idea of a populist base for free-market politics, the vision of persuading working-class men and women to cheer for the boss, the faith that libertarian economic ideas were not only the province of the elite but could actually become the faith of the people as well, lived on outside the company through the influence it had on its most famous employee: Ronald Reagan.

REAGAN WENT to General Electric as a failed movie actor tired of working the Las Vegas circuit. He left poised to begin his political career.

By the time Reagan arrived at GE, his life and his political vision were in some ways fully formed. He had already cultivated his trademark charm, combining the patina of stardom with the approachable folksiness he had learned in his midwestern youth. Reagan's experiences with Hollywood radicals before and during his stint as president of the Screen Actors Guild had given him a first-hand dislike of the Communist Party. He testified before the House Committee on Un-American Activities, speaking against the organizing tactics of the Communist Party, which he denounced as undemocratic, sneaky, and symbolic of an overall contempt for freedom in radical circles.

But despite his deepening anticommunism in the early 1950s, Reagan had not altogether left behind his old appreciation for the New Deal or the Democratic Party when he went to GE. During his childhood in Dixon, Illinois, his father (an alcoholic) had been an often-struggling shoe salesman, his mother an amateur actress and ardent member of the Disciples of Christ. The Works Progress Administration had rescued Reagan's father during the Great Depression, and the entire family voted loyally for the Democratic Party for years afterward. In 1948, Reagan delivered a stirring radio address (sponsored by the International Ladies Garment Workers Union) on behalf of President Truman. In 1950 he again campaigned

for Democrats. He had not yet developed his faith in the free market. But over his time at General Electric, he would become an ardent free-market conservative. In later years he would describe his time at GE as a “postgraduate course in political science” and an “apprenticeship” for public life.<sup>47</sup>

GE hired Reagan in 1954—the peak of Boulware’s time at the company—to host a new weekly television series sponsored by the company, *GE Theater*. These were hour-long dramas starring well-known actors of the day (one, a western retelling of *Christmas Carol*, featured Jimmy Stewart), and in the late 1950s *GE Theater* topped the ratings for Sunday nights. The company edited the program carefully to make sure that all the episodes conformed to its idea of “taste,” occasionally removing segments such as one in which the instruments of an airplane lost in fog began to malfunction (GE made such instruments.) Although Reagan was skeptical initially about the new job—because he thought television was killing the movies—he agreed to do it, won over by the salary of \$125,000.<sup>48</sup>

In addition to hosting the television show, appearing in company advertisements, and generally being the public face of the company, Reagan was expected to travel around the country visiting GE factories and making speeches to the workers. The idea was to give workers a sense of connection and identification with the company by allowing them to meet one of its chief spokesmen. He would stop for short informal chats, meeting with salaried employees and hourly workers in separate groups. At first there was little political content to the speeches; Reagan talked up company products and made small talk with workers, and sometimes even stopped by workers’ homes to continue the conversation, as when one woman asked him for advice for a depressed young son and Reagan went over on a Saturday morning to talk to the boy. He described the house that he and his wife, Nancy, lived in, furnished with all manner of electric gadgets paid for by the company—as he put it, “everything electric except the chair.”<sup>49</sup>

Reagan’s plant tour was a smash hit as a public relations program. GE’s managers believed (with some condescension) that their employees would be easily overwhelmed by the glamour of meeting a real celebrity. Earl Dunckel, a GE manager who traveled

with Reagan on the plant tour, claimed that women in the factories were especially titillated by meeting a movie star, although sometimes Reagan tried to dissuade them from their own Hollywood stardust dreams (Dunckel remembered him saying, “I’d do almost anything to keep another one of these little girls from going out there and adding to the list of whores out in Hollywood”). The men in the plants, Dunckel insisted, were jealous of the adulation of the women workers and hence more skeptical of Reagan at first. They would stand in small circles making fun of the Hollywood actor. But Dunckel also thought that Reagan knew what to do to warm them up. “He would carry on a conversation with the girls just so long. He knew what was going on. Then he would leave them and walk over to these fellows and start talking to them. When he left them ten minutes later, they were all slapping him on the back saying, ‘That’s the way, Ron.’”<sup>50</sup>

On these national speaking tours, Reagan was immersed in the world of economic ideas. Since he was afraid of flying, he would take long train trips across the country to the far-flung factories with other GE executives, talking politics all the way. Dunckel remembered their discussions: “Whenever he would try to defend New Dealism, or what was passing for it at the time, we would have some rather spirited arguments. I think this helped him to realize, as he put it later, that he didn’t desert the Democratic Party; the Democratic Party deserted him.” Reagan always insisted that no one ever told him what to say. As he wrote years later to a friend who had worked with him at the company, “My speeches were totally my own.” Yet he must have been exposed to the reading lists of Henry Hazlitt and John Flynn, the Lewis Haney book and the subscriptions to *National Review*, not to mention the company’s own ceaseless barrage of publications. The heated ideological atmosphere within the company surely shaped Reagan’s developing political views—about taxes, about the welfare state, about unions, and about economic freedom.<sup>51</sup>

As his speeches grew more deeply political, Reagan’s appeal as a speaker increased as well. Soon he was talking not only to workers at the plants but to audiences of local businessmen at the Rotary Club and the Chamber of Commerce, at gatherings of the Elks Club

and meetings of groups like the California Fertilizer Association, the National Electrical Contractors Association, and the National Association of Manufacturers. Soviet communism, he told them, was not the only threat facing the United States. The slow accretion of social legislation—the Veterans Administration, Social Security, federal education spending, and farm subsidies were examples he liked to mention—would bring totalitarianism before anyone even noticed. “We can lose our freedom all at once by succumbing to Russia or we can lose it gradually by installments—the end result is slavery.” As for the taxes that funded it all, Reagan told audiences, “There can be no moral justification of the progressive tax”—it was the brainchild of Karl Marx. He described the tactics and rationale of the “statists” in Washington: “Get any part of a proposed program accepted, then with the principle of government participation in the field established, work for expansion, always aiming at the ultimate goal—a government that will someday be a big brother to us all.”<sup>52</sup>

Lemuel Boulware admired Reagan immensely and spoke about him glowingly to colleagues and friends. Whether or not Boulware was fully aware of it at the time, this was someone able to take his approach and “perfect it for politics.” Reagan, like Boulware, was able to turn the idea of government as the servant and spokesman of the worker on its head, creating a universe in which the corporation was the liberator and the state the real oppressor of the working class.<sup>53</sup>